

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 19 – SB 152**

February 8, 2017

**SUMMARY OF BILL:** Authorizes temporary sale sites for motorcycle dealers. Defines “motorcycle dealer” and “temporary site.” A successful permit application along with payment of a \$100 application fee authorizes a motorcycle dealer to establish a temporary sales site at which to sell, solicit, or advertise the sale of new or used motorcycles. The proposal limits each motorcycle dealer to one temporary site permit per calendar year. This permit is valid for up to seven consecutive days at the temporary site location, as provided on the application.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue - \$1,000/Motor Vehicle Commission**

**Increase State Expenditures – \$1,000/Motor Vehicle Commission**

Assumptions:

- According to information obtained from the United States Census Bureau, there are approximately 107 retail establishments in Tennessee that sell motorcycles, ATVs, and personal watercraft. The data does not provide an exclusive accounting of the number of retail motorcycle dealers in Tennessee.
- It is assumed that approximately 10 percent of the estimated 107 retail motorcycle dealers in the state, or 10 retail establishments total, will annually decide to hold a temporary sales site (107 x 10%).
- The Motor Vehicle Commission (MVC) will be responsible for creating, receiving and approving applications, and collecting application fees.
- The recurring increase in state application fee revenue to the MVC is estimated to be \$1,000 (10 applications x \$100).
- According to information submitted by the Department of Commerce and Insurance, the cost to regulate temporary sale sites for motorcycle dealers is unknown as rules governing such sites are not included in the draft language of the draft bill.
- The MVC will incur additional expenditures related to this new regulatory duty; however, such recurring expenditures are assumed to be proportional to the recurring revenue derived from the required application fee. As a result, the recurring increase in state expenditures for the MVC to administer the proposed temporary sales program is estimated to be \$1,000.

- The impact on total sales of motorcycles in the state is estimated to be not significant. Increased sales for motorcycle dealers that obtain a temporary sale site permit are anticipated to be offset by decreased sales for other motorcycle dealers in the relevant market area. As a result, the net impact on state and local sales tax revenue is estimated to be not significant.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two- year period. The MVC experienced a surplus of \$618,571 in FY14-15, a deficit of \$265,344 in FY15-16, and a cumulative reserve balance of \$1,974,673 on June 30, 2016.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jdb